

MURTHA CULLINA LLP

A T T O R N E Y S A T L A W

PAUL E. KNAG
(203) 772-7711
PKNAG@MURTHALAW.COM

RECEIVED

WHITNEY GROVE SQUARE
TWO WHITNEY AVENUE, P.O. BOX 704
NEW HAVEN, CONNECTICUT 06503-0704

TELEPHONE (203) 772-7700
FACSIMILE (203) 772-7723
www.murthalaw.com

2005 MAR 31 PM 12:56
APR 1
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

March 31, 2005

VIA UPS OVERNIGHT MAIL

Mr. Paolo Fiducia
Associate Health Care Analyst
Office of Health Care Access
410 Capitol Avenue
P.O. Box 340308
Hartford, Connecticut 06134-0308

Re: Certificate of Need Determination, Report Number 04-30406-DTR
Saint Francis Hospital and Medical Center; Formation of Joint Venture
for Diagnostic Imaging Services between Saint Francis Hospital
and Medical Center and Radiology Associates of Hartford, P.C.

Dear Mr. Fiducia:

This is in response to your letter of February 16, 2005.

1. Please confirm that Capitol Imaging Associates, LLC (CIA):

- will not have any provider number
- will not bill for technical services for any of the radiology services under its provider number and
- will not be legally liable for the medical services provided.

Response: Confirmed.

2. Please verify that Saint Francis Hospital and Medical Center (SFHMC) will own a 51% interest in CIA.

Response: SFHMC will own 49%.

Mr. Paolo Fiducia
March 31, 2005
Page 2

3. Provide detailed information regarding the current Fair Market Value of the mobile MRI that SFHMC proposes to assign to CIA.

Response: According to Alliance Imaging, the fair market value of the MRI is \$700,000. Since a CON was issued to Alliance and since it will remain the owner of the equipment, we believe that no CON should be needed.

4. Please verify that SFHMC currently bills the technical fee for the mobile MRIs as a hospital service. If this is not the case, then who does?

Response: Verified. Second question is not applicable.

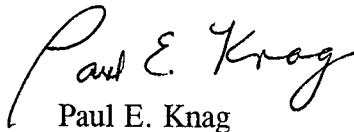
5. If SFHMC assigns its mobile contract over to CIA, please confirm what legal entity will bill and collect the technical fee for the mobile MRI.

Response: There will be a global fee billed by Radiology Associates of Hartford, P.C.

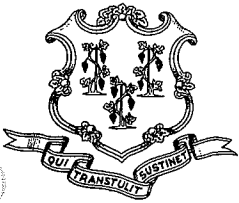
6. Since Bristol Hospital is also a partner to the contract for mobile MRI services, please describe how it will be affected by this proposal.

Response: It will not be affected.

Very truly yours,


Paul E. Knag

cc: Barry Feldman, Esq.
Michael Twohig, M.D.



M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL
COMMISSIONER

April 8, 2005

Paul E. Knag, Esquire
Murtha Cullina LLP
Whitney Grove Square
Two Whitney Avenue, P.O. Box 704
New Haven, CT 06503-0704

Re: Certificate of Need Docket Number 04-30406-LOI
Saint Francis Hospital and Medical Center
Formation of joint venture for diagnostic imaging services between Saint Francis
Hospital and Medical Center and Radiology Associates of Hartford, P.C.

Dear Mr. Knag:

On April 1, 2005 the Office of Health Care Access ("OHCA") received additional information regarding revisions to the proposed arrangement between Saint Francis Hospital and Medical Center ("SFHMC") and Radiology Associates of Hartford, P.C. ("RAH") to form a joint venture for diagnostic imaging services. The joint venture would be known as Capitol Imaging Associates, LLC ("CIA"). OHCA has carefully reviewed the revisions to the joint venture and finds the following:

1. On December 3, 2004, OHCA determined the proposed arrangement would constitute a transfer of ownership and control from RAH to Capitol Imaging Associates, LLC ("CIA") and would establish new or additional services at SFHMC. OHCA issued a determination that the above referenced venture would require Certification of Need authorization ("CON") from OHCA pursuant to Section 19a-638 of the Connecticut General Statutes.
2. On January 25, 2005, SFHMC and RAH submitted revisions to the proposed arrangement for the Joint Venture. On February 16, 2005 OHCA requested additional information related the proposed revisions to CIA, ownership structure and equipment cost. On April 1, 2005, OHCA received responses to the letter sent to the Applicant on February 16, 2005, requesting additional information on CIA, ownership structure, and equipment costs.
3. The joint venture agreement is now structured as follows:
 - a. RAH will maintain a 51% ownership interest in CIA.

- b. SFHMC will own 49% interest in CIA.
4. CIA will not have any provider number, will not bill for technical services for any of the radiology services under its provider number, and will not be legally liable for the medical services provided.
 5. The new entity to be known as CIA will function solely as a so-called management service organization for RAH (an "MSO"). CIA will provide various administrative services to RAH, which may include leasing of space and equipment, leasing of non-professional staff, and handling of payroll, purchasing and other office overhead activities, for which CIA will receive a fee from RAH.
 6. It appears that CIA will function as a managed service organization for RAH, which is a private physicians' practice, and neither CIA nor RAH will be organized or operate as health care facilities or institutions as defined in Section 19a-630 of the Connecticut General Statutes.
 7. As part of the joint venture, SFHMC plans to assign its lease for mobile MRI services to CIA, which will sublease the equipment to RAH.
 8. On June 15, 2000, under Docket #00-504 OHCA granted CON authorization to SFHMC, Bristol Hospital, and Alliance Imaging, Inc. to acquire a mobile MRI unit at a total capital expenditure of \$2,774,848.
 9. The Fair Market Value of the mobile MRI is \$700,000.
 10. SFHMC currently bills the technical fee for the mobile MRI as a hospital service. It is proposed that once the lease has been assigned to CIA, a global fee will be billed by RAH.

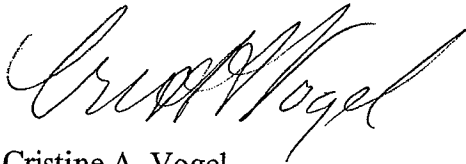
Based on the above information, OHCA determines the following:

1. The revised proposal of Saint Francis Hospital and Medical Center and Radiology Associates of Hartford, P.C. to form a joint venture to own and operate the diagnostic imaging centers will not require a CON authorization from OHCA pursuant to Section 19a-638 of the Connecticut General Statutes.
2. The proposal to assign the MRI services authorized under Docket Number 00-504 from SFHMC to CIA will require further CON authorization pursuant to Section 19a-639(c) of the Connecticut General Statutes as the Fair Market Value of the leased equipment exceeds the statutory capital threshold.

Please be advised that your letter dated April 1, 2005 will be considered the new Letter of Intent for the assignment of the MRI services. The CON application forms specific to this proposal will be sent to you under separate cover. The completed CON application may be filed with OHCA between May 31, 2005 and July 30, 2005.

If you have any questions concerning this letter, please contact Paolo Fiducia, Associate Health Care Analyst, Certification, Financial Analysis and Forecasting, at (860) 418-7001.

Sincerely,



Cristine A. Vogel
Commissioner

C: Rose McLellan, Licensing Examination Assistant, DHSR, DPH

CAV:pf